



## "Fighting for California Taxpayers"

### Welcome

#### Dear Friends:

Watch your wallets! California's brief respite from the tax machine, also known as the State Legislature, will come to an end at the beginning of the month. The State Assembly will return from its summer vacation on August 5, and the Senate will get back to business on August 12. On the agenda are many creative proposals to take our money. Here are just two examples.

[Senate Bill 1](#), authored by Senate President pro Tem, Darrell Steinberg, would allow cities and counties to create "Sustainable Communities Investment Authorities" (SCIA) which would have the ability to raise local sales taxes to subsidize local development projects in specified areas such as "walkable communities," and sites that are zoned for "clean energy manufacturing."

Unlike other local tax authorities, which are located wholly within the boundaries of a city or county, SCIA's could cross over city and county borders creating confusion for business owners and shoppers as well as an administrative nightmare for the Board of Equalization. The SCIA's would also have eminent domain authority, and would not be required to conduct a survey or provide other proof of "blight" before taking private property for public purposes. SB 1 will be heard in the Assembly committee on Local Government on August 14.

[Senate Bill 768](#) is a massive tax increase on cigarettes and other tobacco products, including cigars. The proposed tax increase would raise cigarette taxes by \$2 a pack, up to \$2.87 – or \$3.88 when federal taxes are included. For cigars, that would mean an increase from the current rate of 30.68% to 67.41%. And sales tax would still be added on top, drastically increasing the



Wednesday, July 31, 2013

### In this Issue...

#### [In the News](#)

##### [The Fire Tax is Back](#)

An update on the state's illegal tax on rural homeowners.

##### [Upcoming events](#)

An update on taxpayer education events coming up in July.



*Steel, with Congressman Dana Rohrabacher, riding in the Huntington Beach Independence Day Parade.*

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price of cigarettes and all other tobacco products.

That won't only hurt occasional cigar smokers – or regular cigarette smokers, who tend to be lower-income earners and minorities – but it will also deal a serious blow to small businesses forced to comply with the higher tax rates, and cause an increase in tax evasion. Cigarette smuggling is a lucrative business, often tied to organized crime, and even to terrorist organizations. SB 768 is currently being held in the Senate Appropriations committee, but it could be revived at any time.

These are just a couple, out of many, creative new proposals for taking more money from hardworking Californians and increasing the state government's role in our lives – and on our livelihoods. I will keep you updated as the legislative session progresses.

As always, I am honored to serve as your taxpayer advocate. If I can be of any assistance, please do not hesitate to contact me.

Yours truly,



**Michelle Steel**

Vice Chair

California State Board of Equalization

## In The News

**FLASHREPORT**  
...on California's most significant political news...

## No Taxation Without Representation

Imagine yourself entering a shopping mall: you walk into a store, select an item that you like and head to the counter. It doesn't matter whether you came to the store from across the street or from Oshkosh, Wisconsin, the cashier simply charges you for your purchase and includes the local sales tax rate.

If the cashier were instead required to ask for each customer's home address and charge sales tax at that rate, he could be faced with more than 9,500 different sales tax jurisdictions in 45 states, plus Washington, D.C. The storeowner would be forced to comply with each state's complex sales tax rules, wasting precious time and money that could be better spent running

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*Steel meets with students from Korea.*

## The Steel Summary July

**2nd**—Steel attends the BOE's San Diego District Barbeque.

**4th**—Independence Day.

**16th**—Steel sponsors a free tax seminar for nonprofit and faith-based organizations with Congressman Ed Royce at Cal State Fullerton's Summer School for Nonprofit Success.

**17th**—Board of Equalization Meeting in Culver City.

**18th**—Board of Equalization Meeting in Culver City.

**24th**—Steel sponsors a free tax seminar for nonprofit and faith-based organizations with Riverside County Supervisor John Benoit in the City of Riverside.

## August

**7th**—Steel and the City of Buena Park sponsor a free small business tax seminar at Walt. D. Ehlers Community Recreation

her business.

If such a system were proposed, brick-and-mortar retailers would be outraged. No politicians could support such a plan because the local businesses that they rely on for support would turn against them in a flash. Yet that's exactly what the federal government has in store for Internet retailers, if the U.S. House of Representatives follows the Senate in passing the "Marketplace Fairness Act of 2013."

The act – which is inherently unfair – claims to "restore States' sovereign rights to enforce sales and use tax laws," but it would do nothing of the sort. Instead, it would force Internet retailers to comply with thousands of different sales tax rules in dozens of states in which they have no vote and no political recourse. In other words, it would allow for taxation without representation.

The goal of this act is to help states capture tax dollars they lose when citizens vote with their web browsers by choosing to shop online. Now that shopping out of state is as easy as a few clicks on a keyboard, and revenue is short compared to the amount of spending politicians want, those politicians are clamoring over every penny they can get from out-of-state purchases. And the federal government is rushing to enact what it sees as the only solution.

But violating a basic principle of American liberty is not a solution.

While proponents of this act, and others like it, claim that it will "level the playing field," it will in fact put Internet retailers at a severe disadvantage when compared with brick-and-mortar stores. That's because retailers with physical locations within a state, regardless of how many locations they have in how many states, are only required to collect one tax rate at each location. If they sell items online, they are only required to collect sales taxes in the states in which they operate.

Under the Marketplace Fairness Act, Internet retailers would be forced to collect sales taxes in states where they have no presence whatever. Without any local knowledge or assistance, they would have to figure out which of their items are taxable in which of the thousands of state and local tax jurisdictions. They could face dozens of audits per year from taxing states. And all of this without an elected representative to turn to for help in likely case that a problem should arise.

Finally, the legal and accounting costs faced by smaller online retailers – and even some of the large ones – would be difficult to absorb, leading some to raise prices, and others to close their online operations altogether, reducing the value of what has become one of the greatest resources in the 21st Century: the online market place.

Center.

**13th**—Board of Equalization Meeting in Sacramento.

**28th**—Steel discusses her role on the Board of Equalization at the Stanton Business Alliance Luncheon.



*Steel speaks with a local community group in Seal Beach.*

## Taxpayer Links

*Helpful Links for California Taxpayers*

### Board of Equalization Links

[Taxpayers' Rights Advocate](#)

[Electronic Filing \(E-Services\)](#)

[Board of Equalization Forms](#)

[Seller's Permit Application](#)

[Verify Permit or License](#)

[California Use Tax Form](#)

[Claim for Refund Form](#)

### Franchise Tax Board Links

[Franchise Tax Board Home Page](#)

[California Tax Service Center](#)

[Forms and Publications](#)

[Form 540](#) & [Form 540A](#)

I urge the House of Representatives to reject this oppressive act.

Originally posted at [FlashReport.org](http://FlashReport.org).

## The Fire Tax is Back

In March this year, the California Department of Forestry and Fire Protection (Cal Fire) instructed the Board of Equalization to delay new billings for the state's controversial fire tax. Starting this month, the fire tax is back.

Cal Fire, which is in charge of the fire tax program, instructed BOE to delay the billings after finding large numbers of errors and inconsistencies in the data Cal Fire had used to determine who owed the tax.

When billing for this tax, which I believe is unconstitutional, began in August of last year, thousands of rural homeowners complained that they were being billed in error. Two of the biggest concerns included properties that were listed as being within a "State Responsibility Area" that should not have been, and that some properties were being charged twice. Even more confusion was added by the fact that although homeowners were receiving their bills in fiscal year 2012-13, the taxes were owed for fiscal year 2011-12. This meant that some taxpayers were receiving bills for properties that they had sold up to a year before.

Well, Cal Fire finally caught on to this problem and instructed the BOE to suspend billings until it reviewed its maps of State Responsibility Areas and verified the properties to which the tax applies.

In June, Cal Fire notified BOE that it had completed its review and prepared new maps. These maps went into effect on July 1, and BOE has already begun sending new bills.

But the problems don't stop there. The bills that will be going out to property owners this summer will apply to the 2012-13 fiscal year, which ended on July 1. And Cal Fire's new maps, which were corrected precisely because of errors in applying this tax under the old maps, won't be in effect until bills go out for the next fiscal year.

That means rural property owners should be prepared to face many of the same troubles that they faced the last time around, and to add to those a new problem: by the time property owners receive their bills, they may find that they have been drawn out of the latest map because Cal Fire has determined they shouldn't be included in it. This problem would be easily corrected by making the new, better, maps retroactive to last year. But Cal Fire refuses to make their maps retroactive, and BOE is required by law to send a bill to every taxpayer included on the lists Cal Fire provides.

Instead of applying corrected maps for the upcoming round of billings, Cal Fire has created a new problem, and a new reason for taxpayers to appeal

and protest this awful tax.

If you have received, or believe you will receive, a fire tax bill and would like to appeal your billing or file for a refund, you can follow this link to Cal Fire's [fire prevention fee website](#) for more information.

If you have questions regarding the fire tax program or the latest round of billings, please call my office and we will be happy to help you.

## Upcoming Events

On August 7, I will be sponsoring a free small-business tax seminar with the City of Buena Park, at the Walt D. Ehlers Community Recreation Center.

Entrepreneurs and small business owners looking for answers and help with state and federal tax laws, as well as business people who want to expand their business knowledge, will benefit from presentations by representatives from the BOE, the Employment Development Department, Franchise Tax Board, Internal Revenue Service, the U.S. Small Business Administration, Small Business Development Center - Orange County, Coastline Institute for Economic Development, and Orange County SCORE.

You can view the invitation for this important seminar by clicking [here](#). Follow this [link](#) to register for this event.

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